



**RESTATED AND MEMORIALIZED  
PREPAID ANTI-MONEY LAUNDERING (“AML”)  
FINCEN COMPLIANCE PROGRAM**

**FOR CLOSED LOOP PREPAID PRODUCTS  
ISSUED BY CARD ISSUANCE AND MANAGEMENT INC.  
AND ITS SUBSIDIARIES (COLLECTIVELY, “CIMI”)**

DATED: September 1, 2023

## **INTRODUCTION**

In accordance with the Bank Secrecy Act (“BSA”), the USA PATRIOT Act (the “Patriot Act”) and the Prepaid Access Regulations adopted by the Financial Crimes Enforcement Network (“FinCEN”), Card Issuance and Management, Inc. (referred to herein sometimes as “CIMI” or “we,” “our,” or “us”), being indirectly engaged through its subsidiaries in the business of being a third party issuer of gift cards in the retailer and restaurant industries, has adopted and implemented an anti-money laundering (“AML”) compliance program to meet the requirements of the Prepaid Access Regulations (defined below) adopted by FinCEN (hereinafter the “Prepaid FinCEN Program”).

## **THE CIMI CORPORATE STRUCTURE**

CIMI is an Arizona corporation with its principal place of business in Kansas. CIMI is the parent company of various corporate subsidiaries. With some exceptions, each subsidiary is also a corporation. Each subsidiary is formed as a special purpose entity for the purpose of issuing gift cards and merchandise credits for a particular client or program. However, CardFact 25, Inc. is an entity that issues gift cards and merchandise credits for multiple clients. The issued gift cards and merchandise credits are typically closed-loop products that are redeemable only at the client’s retail stores or restaurants.

## **STATEMENT OF POLICY**

CIMI supports the fight against money laundering and terrorism and has adopted this Prepaid FinCEN Program to reduce the likelihood of the Prepaid Products issued by its subsidiaries being used in furtherance of criminal activity. We will use commercially reasonable efforts to comply with both the requirements and intent of the Prepaid Access Regulations adopted by FinCEN and any other applicable AML laws and regulations including, without limitation, any applicable provisions of the BSA, the Patriot Act, and state anti-money laundering laws (collectively, the “AML Laws”).

We will distribute the policies of this Prepaid FinCEN Program to all CIMI issuing entities, who, in turn, will provide written acknowledgement that they will be bound by said policies with no authority to amend them. Each CIMI subsidiary issuing entity will use commercially reasonable efforts to assist their clients in training or has conducted training to assist their clients in training to understand and comply with this Prepaid FinCEN Program. Depending on the client’s card program, CIMI’s issuing entity will manage the card program’s compliance with FinCEN regulations and AML laws. If the issuing entity or an affiliate of the issuing entity receives the transaction data, then the issuing entity will also conduct data monitoring regarding certain FinCEN compliance issues via the proprietary processing systems described above.

Each issuing entity shall use commercially reasonable efforts to encourage its clients to review their Prepaid Products on an annual basis to assess the risk of noncompliance with the Prepaid Access Regulations including, without limitation, compliance with the regulatory requirements for the Closed Loop Exemption and the regulatory requirements regarding the \$10,000 Aggregate Sales Limitation. In doing so, each issuing entity shall use commercially reasonable efforts to encourage its clients take into consideration the relevant lines of business,

customer base, the cardholder base, the prepaid access sales volume, the relevant redeeming locations, and the relevant sales and distribution locations.

### **CIMI SERVICES**

With respect to clients' card programs intended to be exempt from the full regiment of AML requirements, CIMI, through its issuing entities, will provide services and policy and controls documentation designed and intended to implement the applicable exemptions. These exemption services include designing of the client's card program to meet the exemption, creating and adopting of policy controls to implement the exemption, training of certain client employees (sometimes called "Train the Trainer") on matters necessary to the exemption, and transaction data monitoring with respect to compliance with exemption criteria.

### **BACKGROUND OF THE FINCEN PREPAID ACCESS REGULATIONS**

FinCEN is a federal bureau within the United States Department of the Treasury. It has the power to issue and administer AML regulations. In 2011, FinCEN issued the new "Prepaid Access Regulations" which established AML rules for prepaid products, including gift cards and electronic gift certificates. The regulations were adopted in response to law enforcement's concern that gift cards, electronic gift certificates, stored value, electronic wallets, and other prepaid products and prepaid services were being misused by criminals, possibly for money laundering or terrorist financing.

The Prepaid Access Regulations apply to a broad range of prepaid products. The regulations call these products "*Prepaid Access*" because they permit the consumer to access the value or funds associated with the product. Prepaid Access is defined in the regulations as "access to funds or the value of funds that have been paid in advance and can be retrieved or transferred at some point in the future through an electronic device or vehicle, such as a card, code, electronic serial number, mobile identification number, or personal identification number." For the purposes of this document, Prepaid Products shall have the same meaning as Prepaid Access. The regulations are designed to cover all types of prepaid technologies including certificates, cards, key fobs, tokens, Internet transactions, virtual codes, smart phones and similar devices and vehicles used to tender and receive payments.

The Prepaid Access Regulations establish a comprehensive regulatory approach for oversight of virtually all businesses involved in the offering or sale of Prepaid Access including issuers, providers, program managers, distributors and sellers. The regulations divide these businesses into two categories known as "*Providers of Prepaid Access*" and "*Sellers of Prepaid Access*." Unless a regulatory exemption applies, the Prepaid Access Regulations impose significant requirements upon both Providers of Prepaid Access and entities that qualify as Sellers of Prepaid Access. Requirements include, without limitation, capture of certain customer information, verification of customer identities, creation and filing of SARs, the creation and filing of CTRs, implementation of an effective AML program, retention of documents for specified time periods, and an obligation for Providers of Prepaid Access to register as an MSB with FinCEN (collectively, the "*AML Requirements*").

With respect to Providers of Prepaid Access, the Prepaid Access Regulations exempt certain types of prepaid access from complying with the AML Requirements. To qualify for a

regulatory exemption, the prepaid products must meet specific requirements specified for the exemption in the regulations.

Among other regulatory exemptions, the Prepaid Access Regulations provide an exemption for closed loop prepaid access products. This regulatory exemption, commonly known as the “*Closed Loop Exemption*,” is subject to certain limitations specified in the regulations. These limitations include the following:

- The prepaid product must be a “*closed loop access*” product. To be a closed loop access product, the product must be redeemable only at a single merchant or a defined group of merchants or locations. In addition, the product must be redeemable only for goods and services; therefore, with the exception of cash redemptions required by law, the product must not be redeemable for cash.
- The access to value or funds associated with the prepaid product must not exceed Two Thousand Dollars (\$2,000) in any one day. This requirement, commonly known as the “*\$2,000 per Device Limitation*,” imposes a \$2,000 limit upon the value loaded or associated per day on each prepaid card or prepaid device or vehicle..

Under the Prepaid Access Regulations, if a business qualifies as being a Seller of Prepaid Access, the business is required to comply with the AML Requirements. A seller will not be considered a Seller of Prepaid Access under the regulations if the following criteria are met:

- The seller must sell prepaid products in a prepaid program that is exempt under the regulations from the AML Requirements, such as a prepaid program that qualifies for the Closed Loop Exemption; and
- The seller must implement policies and procedures that are reasonably adapted to prevent the total sales or distribution of prepaid products in any one day to a single person from exceeding Ten Thousand Dollars (\$10,000). This requirement, commonly known as the “*\$10,000 Aggregate Sales Limitation*,” applies when multiple prepaid cards or prepaid items are sold or distributed to a single person in any one day, and imposes a Ten Thousand (\$10,000) limit upon the total value loaded or associated with such prepaid device or vehicle. The \$10,000 Aggregate Sales Limitation does not apply to business-to-business sales of prepaid products.

Civil and criminal penalties can be imposed for violations of the Prepaid Access Regulations. Accordingly, it is important that businesses comply with the regulations and properly implement applicable exemptions and exclusions when such exemptions or exclusions are used.

### **OUR POLICIES AND CONTROLS**

To comply with the Prepaid Access Regulations adopted by FinCEN, CIMA and its issuing entities are adopting the policies and controls specified below with respect to the sale and redemption of our clients’ Prepaid Products. These policies and controls are designed to accomplish two objectives. First, we intend to apply the Closed Loop Exemption to our clients’ Prepaid Products. Second, with respect to the \$10,000 Aggregate Sales Limitation, CIMA and its issuing entities do not desire to be classified as a Sellers of Prepaid Access under the

regulations. Therefore, we intend to adopt policies and controls that are reasonably adapted to prevent multiple sales of our clients' Prepaid Products in excess of \$10,000 in prepaid access to any person in one day. For these reasons, our policies and controls regarding FinCEN's Prepaid Access Regulations shall be as follows:

**1. The Closed Loop Exemption:** To comply with the limitations set by the Prepaid Access Regulations for the Closed Loop Exemption, we will endeavor to follow the following policies and controls with respect to our clients' Prepaid Products:

- 1.1 OUR CLIENTS' PREPAID PRODUCTS SHALL BE REDEEMABLE ONLY AT RETAIL OR OTHER LOCATIONS THAT ARE EITHER OWNED OR OPERATED UNDER THE TRADEMARK, TRADE NAME OR TRADE DRESS OF OUR CLIENTS OR OTHERWISE LIMITED TO A DEFINED, CLOSED SYSTEM OF REDEMPTION LOCATIONS.
- 1.2 OUR CLIENTS' PREPAID PRODUCTS SHALL BE REDEEMABLE ONLY FOR GOODS AND SERVICES AND SHALL NOT BE REDEEMABLE FOR CASH UNLESS THE CASH REDEMPTION IS REQUIRED BY LAW.
- 1.3 OUR CLIENTS' PREPAID PRODUCTS SHALL NOT BE REDEEMABLE FOR CASH, EVEN FOR A CUSTOMER WITH THE ORIGINAL PURCHASE RECEIPT UNLESS THE CASH REDEMPTION IS REQUIRED BY LAW.
- 1.3 THE MAXIMUM VALUE OF LOADS ON OR TO ANY CLIENT PREPAID PRODUCT DURING ANY ONE DAY SHALL NOT EXCEED \$2,000. THEREFORE, NO MORE THAN \$2,000 IN LOADED VALUE SHALL BE PERMITTED ON A PREPAID PRODUCT DURING ANY ONE DAY REGARDLESS OF THE AMOUNT REDEEMED ON THE PRODUCT ON THE SAME DAY. IF AN AFFILIATE OF CIMI RECEIVES TRANSACTION DATA OF A CLIENT, CIMI AND CLIENT SHALL REASONABLY COOPERATE TO DESIGN AND IMPLEMENT APPLICABLE CONTROLS TO ENSURE CLIENT'S CARDS REMAIN COMPLIANT WITH THE \$2,000 PER PRODUCT LIMITATION.
- 1.4 THIS \$2,000 LIMITATION IS A MAXIMUM. CIMI AND CLIENT ARE PERMITTED TO REASONABLY COOPERATE TO SET A LOWER LOAD LIMITATION FOR ANY PARTICULAR CLIENT PREPAID PRODUCT OR PREPAID PROGRAM. IF AN AFFILIATE OF CIMI RECEIVES TRANSACTION DATA OF A CLIENT, CIMI AND CLIENT SHALL REASONABLY COOPERATE TO DESIGN AND IMPLEMENT APPLICABLE CONTROLS TO ENSURE CLIENT'S CARDS REMAIN COMPLIANT WITH THE CLIENT'S LOAD LIMITATION.
- 1.5 WE SHALL ANALYZE AND DETERMINE, AT THE PROGRAM LEVEL, WHETHER A SPECIFIC CLIENT'S PREPAID PRODUCTS SHALL BE RELOADABLE.

**2. The \$10,000 Aggregate Sales Limitation:** To comply with the \$10,000 Aggregate Sales Limitation set by the Prepaid Access Regulations, we will endeavor to follow the following policies and controls with respect to each of our clients' Prepaid Products:

- 2.1. WE WILL NOT AND CLIENT WILL NOT ALLOW ANY ONE **CONSUMER** TO KNOWINGLY PURCHASE MORE THAN \$10,000 OF OUR CLIENTS' PREPAID PRODUCTS IN ANY ONE DAY.
- 2.2. WE WILL NOT AND CLIENT WILL NOT ALLOW ANY ONE **CONSUMER** TO KNOWINGLY LOAD MORE THAN \$10,000 ONTO OUR CLIENTS' PREPAID PRODUCTS IN ANY ONE DAY.
- 2.3. WE WILL USE AND CLIENT WILL USE COMMERCIALY REASONABLE EFFORTS TO PREVENT OUR CLIENTS FROM LOADING MORE THAN \$10,000 IN VALUE ONTO THE PREPAID PRODUCTS THAT WE DISTRIBUTE TO ANY ONE **CONSUMER** IN ANY ONE DAY.
- 2.4. THE \$10,000 MAXIMUM STATED HEREIN SHALL APPLY TO ANY COMBINATION OF A SPECIFIC CLIENT'S PREPAID PRODUCTS PURCHASED BY OR LOADED FOR ANY ONE **CONSUMER** IN ANY ONE DAY.
- 2.5. TO ESTABLISH MEASURES THAT ARE REASONABLY ADAPTED TO AVOID THE SALE OR DISTRIBUTION OF OUR CLIENTS' PREPAID PRODUCTS IN EXCESS OF \$10,000 TO ANY ONE **CONSUMER** ON ANY ONE DAY, WE MAY AND CLIENT MAY IMPLEMENT CONTROLS THAT RESTRICT THE NUMBER OF CARDS OR THE DOLLAR AMOUNT OF CARDS THAT MAY BE SOLD BY OUR RETAIL CLIENTS' CASHIERS OR SELF-SERVICE CHECK OUT LANES.
  - 2.5.1. We shall use and instruct that Client shall use commercially reasonable efforts to ensure that all clients' cashiers and customer service personnel watch for any consumer who attempts to buy, or who indicates he or she is interested in buying, more than \$10,000 of our client's Prepaid Products from them in a single day. Clients' cashiers and customer service personnel shall use commercially reasonable efforts to make sure that a customer who wishes to purchase more than one card in a single day does not exceed this limit. If there is any doubt about whether the sale of the Prepaid Products may exceed the \$10,000 limit for any given day, then the sale must be declined.
  - 2.5.2. Clients' cashiers and customer service personnel, as well as managers, assistant managers and other employees and officers, shall use commercially reasonable efforts to watch for a customer who returns more than one time in a day and wants to purchase our Prepaid Products again. Such customers shall be referred to a manager or supervisor. The manager or supervisor shall politely determine if the customer has purchased our Prepaid Products earlier in the day, shall permit the customer to purchase additional Prepaid Products subject to the limits stated above in our policies and controls, and shall advise the customer that he or she is subject to maximum purchases of \$10,000 in

any one day. If there is any doubt whether the sale of a Prepaid Product may exceed the \$10,000 limit for the day, then the sale must be declined.

- 2.5.3. With respect to Prepaid Products sold by our clients via the Internet, we will use commercially reasonable efforts to collaborate with our clients to review the sales on an annual basis to monitor compliance with our policies and controls.
- 2.5.4. With respect to Prepaid Products that are registered with personally identifiable information regarding the card purchaser or cardholder by our clients, we will use commercially reasonable efforts to work with our clients to review the sales, but not specific personally identifiable information regarding any one card purchaser or cardholder, on an annual basis to monitor compliance with our policies and controls.
- 2.6. WE WILL PERMIT OUR CLIENT TO ALLOW A **BUSINESS** TO PURCHASE MORE THAN \$10,000 OF OUR CLIENTS' PREPAID PRODUCTS IN ANY ONE DAY. HOWEVER, SUCH PURCHASES BY A **BUSINESS** SHALL BE SUBJECT TO THE FOLLOWING CONTROLS:
  - 2.6.1. Our policy of permitting such sales to businesses in excess of \$10,000 applies only to sales to **BUSINESSES**. It does not apply to sales to **CONSUMERS**.
  - 2.6.2. With respect to person-present purchases of the Prepaid Products, we will require via agreement that our clients' cashiers or other personnel conducting the sale of Prepaid Products to decline the sale unless the individual attempting to purchase the Prepaid Products discloses that the Prepaid Products are being purchased by a business.
  - 2.6.3. We shall endeavor to analyze and determine, at the program level, the sales records that shall be kept by our retail clients who conduct B2B sales.
  - 2.6.4. We shall endeavor to analyze and determine, at the program level, the sales records that shall be kept by our clients who conduct Internet B2B sales.
  - 2.6.5. To the extent required by law we shall endeavor to require our clients to perform OFAC checks regarding the purchasing businesses.
  - 2.6.6. Our clients shall not accept **cash** in excess of \$10,000 for a B2B sale. Other permissible methods of payment for B2B transactions shall include (1) a check drawn on a bank or financial institution account; (2) a debit or credit card bearing the brand of MasterCard, Visa, AMEX or Discover; or (3) an electronic funds transfer from a bank or financial institution.
  - 2.6.7. With respect to the use of the payment methods described above, our regular controls regarding the acceptance of the payment method shall be applied. With respect to Internet sales and person-not-present transactions, our regular controls regarding such transactions shall be applied.

- 2.7 THE \$10,000 LIMITATION SPECIFIED IN SECTIONS 2.1, 2.2 AND 2.3 IS A MAXIMUM. CIMI AND CLIENT MAY REASONABLY COOPERATE TO SET A LOWER LIMITATION FOR ANY PARTICULAR CLIENT'S PREPAID PRODUCT OR PREPAID PROGRAM.

**3. Miscellaneous Policies:** In addition to the foregoing, we will endeavor to follow the following additional policies and controls with respect to all our clients' Prepaid Products:

- 3.1. THE POLICIES AND CONTROLS STATED HEREIN SHALL BE APPLIED TO EACH OF OUR CLIENTS' PREPAID PRODUCTS UNLESS WE DETERMINE THE PREPAID ACCESS RULE AS DESCRIBED HEREIN DOES NOT APPLY. THEY SHALL BE APPLIED REGARDLESS OF WHETHER THE PREPAID PRODUCT IS USED AS A GIFT PRODUCT, A MERCHANDISE RETURN INSTRUMENT, A LOYALTY PRODUCT, A PROMOTIONAL PRODUCT, AN AWARDS PRODUCT, AN INCENTIVE PRODUCT OR A SIMILAR PRODUCT. THEY SHALL ALSO BE APPLIED TO ALL FORMS OF PAYMENT DELIVERY DEVICES INCLUDING CARDS, CERTIFICATES, MOBILE APPLICATIONS, AND VIRTUAL APPLICATIONS.
- 3.2. WITH RESPECT TO PREPAID PRODUCTS THAT ARE SOLD OR DISTRIBUTED BY BUSINESSES OR THIRD PERSONS OTHER THAN OUR CLIENTS, INCLUDING, WITHOUT LIMITATION ANY FRANCHISEES, DEALERS, OR RESELLERS, WE WILL USE COMMERCIALY REASONABLE EFFORTS EITHER (A) TO REQUIRE THE BUSINESS OR THIRD PERSON TO ADOPT AND OBSERVE POLICIES AND PROCEDURES CONSISTENT WITH OUR PREPAID FINCEN PROGRAM OR (B) TO SEEK ADEQUATE ASSURANCES FROM THE BUSINESS OR THIRD PERSON THAT THEY HAVE ADOPTED AND OBSERVE POLICIES AND PROCEDURES CONSISTENT WITH OUR PREPAID FINCEN PROGRAM.
- 3.3. FOR THE PURPOSE OF OUR PREPAID FINCEN PROGRAM, "ONE DAY" SHALL BE A REGULAR 24 HOUR DAY COMMENCING AND ENDING AT MIDNIGHT, UNLESS A DIFFERENT TIME PERIOD IS SELECTED FOR A SPECIFIC CLIENT AND IS APPROVED BY THE FINCEN COMPLIANCE OFFICER.

WE WILL USE AND CLIENT WILL USE COMMERCIALY REASONABLE EFFORTS TO REQUIRE ANY CLIENT EMPLOYEE WHO SEES NONCOMPLIANT OR SUSPICIOUS ACTIVITY, OR WHO BELIEVES IT MAY BE OCCURRING SHALL CONTACT HIS OR HER SUPERVISOR OR MANAGER OR THE FINCEN COMPLIANCE OFFICER IMMEDIATELY.

### **IMPORTANCE OF OUR POLICES AND CONTROLS**

Civil and criminal penalties can be imposed for violations of the Prepaid Access Regulations. Accordingly, it is especially important that our employees, officers, directors, and clients who sell or redeem (or who are responsible for the sale or redemption of) Prepaid Products understand and abide by this Prepaid FinCEN Program.

### **FINCEN COMPLIANCE OFFICER**

We will designate a FinCEN Compliance Officer who will have responsibility for our Prepaid FinCEN Program.

### **PRIOR COMPLIANCE PROGRAM**

From the adoption of the Prepaid Access Regulations in 2011 through the Effective Date of this Policy, CIMI implemented and applied AML regulation compliance practices and policies regarding the cards issued by CIMI and its subsidiaries that were substantially similar and consistent with the Prepaid FinCEN Program stated herein. CIMI has created this document to restate and memorialize these policies regarding compliance by CIMI and its subsidiaries with the Prepaid Access Regulations.

### **CERTIFICATION**

Card Issuance and Management, Inc. hereby certifies that the policies and controls contained herein accurately reflect its anti-money laundering compliance program with respect to compliance with the Prepaid Access Regulations adopted by the Financial Crimes Enforcement Network.

#### **Card Issuance and Management, Inc.**

By: /Phillip C. Rouse/  
Print name: Phillip C. Rouse  
Title: CEO  
Date: September 1, 2023